

# CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM BOARD OF ADMINISTRATION INVESTMENT COMMITTEE OPEN SESSION MEETING SUMMARY

March 13, 2006



The Investment Committee met on Monday, March 13, 2006.

#### AGENDA ITEM 3 – ELECTION OF CHAIR AND VICE CHAIR

The Committee unanimously elected Charles Valdes as the Chair and George Diehr as Vice Chair.

#### AGENDA ITEM 4 – Calpers Total Fund Quarterly Report

The Chair directed staff and Wilshire Associates to report back at a later time regarding possible outcomes if the external domestic equity portfolio had been invested in the internal passive portfolio.

#### **AGENDA ITEM 5 - ASSET ALLOCATION**

#### a. Investments in Commodity Futures

The Chair directed staff to work with the Chair to schedule a Commodity Futures workshop at a time that will allow participation of the newly appointed Chief Investment Officer.

## **AGENDA ITEM 8 - GLOBAL EQUITY**

# a. Permissible Equity Market Investment Analysis Update, Including ADRs and GDRs Analysis

The Chair directed that an action item regarding ADRs and GDRs be scheduled at a future date subsequent to the appointment of a new Chief Investment Officer.

#### b. Review of Internal Relational Program

The Chair directed that revisions to the Internal Relational Program be put over until appointment of a new Chief Investment Officer and that in the interim staff bring back co-investment opportunities on a case-by-case basis.

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# c. Corporate Governance Core Principles and Guidelines Revisions

The Committee approved amending the CalPERS' Corporate Governance Core Principles and Guidelines to:

- 1. Add Appendix D to reflect executive compensation provisions that should be addressed when companies design executive compensation policies, and that section C.3. be revised further to state "Equity grants should vest over a period of at least three years, unless staff determines in its discretion that under all the circumstances the vesting period should be longer."
- 2. Add a sub-section labeled Audit Integrity and one related principle to address shareowner ratification of the independent external auditor.
- 3. Add a sub-section labeled Corporate Responsibility and one related principle to address environmental disclosure.
- 4. Revise the sub-section labeled Shareowner Rights to reflect proxy votes cast (as opposed to total proxy votes) in the application of CalPERS' majority vote principles.

#### AGENDA ITEM 9 - GLOBAL FIXED INCOME

## b. Member Home Loan Program Manager Annual Review

The Committee approved extending CitiMortgage Inc.'s contract for a period of one year. The Chair also directed staff to review issues raised during the discussion and report back to the Committee.

#### **AGENDA ITEM 10 - LEGISLATION**

## a. SB 1207 (Alarcon) - Majority Vote in Uncontested Corporate Elections

The Committee approved a strong support position for SB 1207 (Alacron) as introduced. This bill would establish that an approval by a majority of the shares represented and voting will be required to elect a director in an uncontested election of corporate directors.

## **AGENDA ITEM 11 - POLICY SUBCOMMITTEE REPORT**

By consent the Committee approved the following:

- a. Equity Policy Revision of Domestic Enhanced Index Internally Managed
- b. Miscellaneous Policies Adoption of Glossary Terms Credit Accommodation and Credit Enhancement

# AGENDA ITEM 12 - CHIEF INVESTMENT OFFICER'S / ASSISTANT EXECUTIVE OFFICER'S REPORT

# a. Consolidated Investment Activity Report

The Committee accepted the Consolidated Investment Activity Report. The total market value of the fund as of January 31, 2006, was approximately \$207.2 billion and the total book value was approximately \$159.9 billion.

# b. Consideration of U.N. Environment Programme Principles for Responsible Investment

The Committee approved becoming a signatory of the Principles for Responsible Investment.

The next Investment Committee meeting is scheduled for April 17, 2006 in Sacramento, California.